State of Arizona House of Representatives Forty-sixth Legislature First Regular Session 2003

CHAPTER 66

## **HOUSE BILL 2480**

AN ACT

AMENDING TITLE 48, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 34; RELATING TO MULTIJURISDICTIONAL WATER FACILITIES DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 48, Arizona Revised Statutes, is amended by adding chapter 34, to read:

#### CHAPTER 34

# MULTIJURISDICTIONAL WATER FACILITIES DISTRICTS ARTICLE 1. GENERAL PROVISIONS

48-5901. Definitions

FOR THE PURPOSES OF THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- 1. "BOARD" MEANS THE BOARD OF DIRECTORS OF A MULTIJURISDICTIONAL WATER FACILITIES DISTRICT FORMED PURSUANT TO THIS CHAPTER.
- 2. "DISTRICT" MEANS A MULTIJURISDICTIONAL WATER FACILITIES DISTRICT FORMED PURSUANT TO THIS CHAPTER.
  - 3. "JURISDICTION" MEANS A CITY, TOWN OR COUNTY.
- 4. "MUNICIPAL WATER PROVIDER" MEANS A CITY, TOWN, DOMESTIC WATER IMPROVEMENT DISTRICT, PRIVATE WATER COMPANY OR IRRIGATION DISTRICT THAT SUPPLIES WATER FOR NON-IRRIGATION USE.
- 5. "PRIVATE WATER COMPANY" MEANS A PUBLIC SERVICE CORPORATION AS DEFINED IN ARTICLE 15, CONSTITUTION OF ARIZONA, THAT PROVIDES WATER OR WASTEWATER SERVICES OR BOTH.
- 6. "WATER-RELATED FACILITY" MEANS A FACILITY FOR ANY OF THE FOLLOWING PURPOSES:
  - (a) DRINKING WATER CONVEYANCE, TREATMENT OR STORAGE.
  - (b) WASTEWATER CONVEYANCE, TREATMENT OR STORAGE.
  - (c) RECLAMATION AND REUSE OF WATER.
  - (d) RECHARGE, STORAGE OR RECOVERY OF WATER.
  - 48-5902. Preliminary general plan; initial costs
- A. TWO OR MORE MUNICIPAL WATER PROVIDERS MAY CONSIDER THE FORMATION OF A MULTIJURISDICTIONAL WATER FACILITIES DISTRICT FOR THE PURPOSE OF MUTUAL BENEFIT IN THE CONSTRUCTION, OPERATION AND MAINTENANCE OF WATER-RELATED FACILITIES AND MAY PARTICIPATE IN THE PREPARATION OF A PRELIMINARY GENERAL PLAN FOR THE DISTRICT. THE PRELIMINARY GENERAL PLAN FOR THE DISTRICT SHALL IDENTIFY AND DESCRIBE AT LEAST THE FOLLOWING:
- 1. THE SPECIFIC PROJECT THE DISTRICT WILL UNDERTAKE FOR THE JOINT BENEFIT OF THE PARTICIPATING MUNICIPAL WATER PROVIDERS.
- 2. THE GEOGRAPHICAL AREA OF THE DISTRICT THAT MAY INCLUDE ALL OR ANY PORTION OF THE SERVICE AREA BOUNDARIES OF A PARTICIPATING MUNICIPAL WATER PROVIDER BUT SHALL NOT INCLUDE ANY PORTION OF THE SERVICE AREA OF A MUNICIPAL WATER PROVIDER THAT IS NOT PARTICIPATING IN THE DISTRICT. THE GEOGRAPHICAL AREA OF THE DISTRICT IS NOT REQUIRED TO BE CONTIGUOUS.
- 3. A SPECIFIC DESCRIPTION OF THE WATER SOURCES INTENDED TO BE USED BY THE MUNICIPAL WATER PROVIDERS AND THE DISTRICT.
- 4. A SPECIFIC DESCRIPTION OF THE GOVERNANCE FOR THE DISTRICT AND THE MANAGEMENT OF THE PROJECT. THE PROVISIONS REGARDING GOVERNANCE OF THE DISTRICT SHALL INCLUDE SPECIFIC PROVISIONS REGARDING THE NUMBER OF MEMBERS

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FOR THE BOARD OF DIRECTORS, WHETHER THOSE MEMBERS WILL BE ELECTED BY DISTRICTS, AT LARGE OR BY ANOTHER SYSTEM OF REPRESENTATION AND SHALL INCLUDE PROVISIONS TO STAGGER THE TERMS OF OFFICE OF THE INITIAL MEMBERS OF THE BOARD OF DIRECTORS.

- 5. A SPECIFIC DESCRIPTION OF THE METHODS FOR FINANCING THE PROJECT.
- B. ON COMPLETION OF THE PRELIMINARY GENERAL PLAN FOR THE DISTRICT, THE PLAN SHALL BE FILED WITH THE CLERK OF EACH MUNICIPAL WATER PROVIDER THAT IS INCLUDED IN THE PRELIMINARY GENERAL PLAN. IF A PARTICIPATING MUNICIPAL WATER PROVIDER IS A PRIVATE WATER COMPANY, THE PLAN SHALL BE FILED IN THE ADMINISTRATIVE OFFICE OF THE PRIVATE WATER COMPANY AND THE CITY, TOWN AND COUNTY CLERK FOR ANY CITY, TOWN OR COUNTY IN WHICH ANY PORTION OF THE SERVICE AREA OF THE PRIVATE WATER COMPANY IS LOCATED.
- C. THE PARTICIPANTS IN THE PRELIMINARY GENERAL PLAN MAY AGREE TO ALLOCATE AMONG THEMSELVES THE COSTS OF DISTRICT FORMATION AND THE COSTS FOR ANY INITIAL FEASIBILITY STUDIES THAT ARE INCURRED BEFORE FORMATION OF THE DISTRICT. PARTICIPANTS MAY AGREE TO PAY THE COSTS EVEN IF THOSE COSTS EXTEND BEYOND THE THEN CURRENT FISCAL YEAR AND THOSE COSTS ARE NOT SUBJECT TO INCLUSION IN THE ANNUAL BUDGET FOR THE PARTICIPANT PURSUANT TO TITLE 42, CHAPTER 17, ARTICLE 3. ON FORMATION OF THE DISTRICT, THE DISTRICT BOARD MAY REIMBURSE THE PARTICIPANTS FOR COSTS INCURRED, EXCEPT THAT COSTS FOR INITIAL FEASIBILITY STUDIES SHALL NOT BE REIMBURSED UNTIL AFTER COMPLETION OF THOSE STUDIES.

### 48-5903. Resolution of intent; hearing

- A. ON RECEIPT OF THE PRELIMINARY GENERAL PLAN FOR THE DISTRICT, THE GOVERNING BODY OF EACH MUNICIPAL WATER PROVIDER SHALL CONSIDER A RESOLUTION OF INTENT TO FORM THE DISTRICT AND SHALL HOLD A HEARING TO CONSIDER WHETHER TO CALL AN ELECTION ON THE ISSUE OF FORMATION OF THE DISTRICT. IF A MUNICIPAL WATER PROVIDER IS A PRIVATE WATER COMPANY, THE PRIVATE WATER COMPANY AND THE GOVERNING BODY OF EACH CITY, TOWN OR COUNTY IN WHICH ANY PARTICIPATING PORTION OF THE SERVICE AREA OF THE PRIVATE WATER COMPANY IS LOCATED SHALL EACH HOLD A HEARING OR A PUBLIC MEETING ON WHETHER TO HOLD AN ELECTION TO FORM THE DISTRICT.
- B. A MUNICIPAL WATER PROVIDER SHALL PROVIDE NOTICE OF THE HEARING TO CONSIDER WHETHER TO CALL AN ELECTION BY POSTING NOTICE OF THE HEARING IN THREE PUBLIC PLACES WITHIN THE BOUNDARIES OF THE PARTICIPATING PORTION OF THE MUNICIPAL WATER PROVIDER'S SERVICE AREA NOT LESS THAN TWENTY DAYS BEFORE THE HEARING. NOTICE SHALL ALSO BE PUBLISHED IN A NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY ONCE A WEEK FOR TWO CONSECUTIVE WEEKS BEFORE THE HEARING. THE NOTICE SHALL STATE:
  - 1. THE PLACE OF THE HEARING.
  - 2. THE TIME OF THE HEARING.
  - 3. THE BOUNDARIES OF THE PROPOSED DISTRICT.
- 4. THAT A PRELIMINARY GENERAL PLAN IS ON FILE WITH THE MUNICIPAL WATER PROVIDER.

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C. THE HEARING ON WHETHER TO HOLD AN ELECTION ON THE FORMATION OF THE DISTRICT SHALL BE HELD AT LEAST TWENTY DAYS BUT NOT MORE THAN FORTY-FIVE DAYS AFTER ADOPTION OF THE RESOLUTION OF INTENT TO FORM THE DISTRICT. ELECTION IS APPROVED, THE ELECTION SHALL BE HELD NOT EARLIER THAN SIX MONTHS AFTER THE FORMAL APPROVAL OF THE ELECTION BY THE REQUISITE GOVERNING BODIES AS PRESCRIBED BY SECTION 48-5904.

48-5904. Requirements for formation of the district; approvals required

- A. THE DISTRICT MAY BE FORMED ONLY IF ALL OF THE FOLLOWING OCCUR:
- 1. THE GOVERNING BODY OF EACH MUNICIPAL WATER PROVIDER APPROVES HOLDING AN ELECTION ON THE ISSUE OF FORMATION OF THE DISTRICT.
- 2. IF A PARTICIPATING MUNICIPAL WATER PROVIDER IS A PRIVATE WATER COMPANY, THE GOVERNING BODY OF EACH CITY, TOWN OR COUNTY IN WHICH ANY PARTICIPATING PORTION OF THE SERVICE AREA OF THE PRIVATE WATER COMPANY IS LOCATED APPROVES HOLDING AN ELECTION ON THE ISSUE OF FORMATION OF THE DISTRICT BUT ONLY AFTER RECEIPT OF WRITTEN APPROVAL OF THE ELECTION BY THE PRIVATE WATER COMPANY.
- 3. AN ELECTION ON THE ISSUE OF FORMATION OF THE DISTRICT IS HELD PURSUANT TO SECTION 48-5905 AND THIS SECTION.
- 4. AT ANY ELECTION CALLED FOR THIS PURPOSE, A MAJORITY OF THOSE PERSONS VOTING ON THE ISSUE OF FORMATION OF THE DISTRICT IN THE PARTICIPATING PORTION OF THE SERVICE AREA OF EACH MUNICIPAL PROVIDER APPROVES THE FORMATION OF THE DISTRICT. IF A MAJORITY OF THOSE PERSONS VOTING ON THE ISSUE OF FORMATION OF THE DISTRICT IN THE PARTICIPATING PORTION OF ANY ONE OR MORE MUNICIPAL PROVIDERS FAILS TO APPROVE FORMATION, THE DISTRICT SHALL NOT BE FORMED.
- B. A DISTRICT SHALL NOT BE FORMED IF ALL OF THE PROSPECTIVE PARTICIPATING MUNICIPAL WATER PROVIDERS ARE PRIVATE WATER COMPANIES.

## 48-5905. Election procedure; costs; ballot questions; qualified electors

- A. ANY ELECTIONS HELD PURSUANT TO THIS CHAPTER SHALL BE ADMINISTERED BY THE COUNTY AND SHALL BE HELD ON A DATE PRESCRIBED BY SECTION 16-204. THE ELECTION DATE FOR ALL PARTICIPATING MUNICIPAL WATER PROVIDERS SHALL BE ON THE THE GOVERNING BODIES OF ANY PARTICIPATING MUNICIPAL WATER PROVIDERS SHALL COOPERATE WITH THE COUNTY BOARD OF SUPERVISORS, THE COUNTY RECORDER AND THE COUNTY OFFICER IN CHARGE OF ELECTIONS IN ORDER TO FACILITATE THE ADMINISTRATION OF ANY ELECTIONS.
- B. THE COSTS OF THE ELECTIONS SHALL BE A COUNTY CHARGE BUT IF THE DISTRICT IS FORMED, THE DISTRICT SHALL REIMBURSE THE COUNTY FOR THE COSTS OF THE ELECTION. IF THE DISTRICT IS NOT FORMED, THE PARTICIPATING MUNICIPAL PROVIDERS SHALL REIMBURSE THE COUNTY FOR THE COSTS OF THE ELECTION.
- C. THE QUESTION OF FORMATION OF THE DISTRICT AND THE ELECTION OF A BOARC OF DIRECTORS FOR THE DISTRICT SHALL BE PLACED ON THE BALLOT AT THE SAME 44 SELECTION (\*)



- D. ANY ELECTION CALLED PURSUANT TO THIS CHAPTER SHALL BE A NONPARTISAN ELECTION CALLED BY POSTING NOTICES IN THREE PUBLIC PLACES WITHIN THE BOUNDARIES OF THE DISTRICT NOT LESS THAN TWENTY DAYS BEFORE THE ELECTION. NOTICE SHALL ALSO BE PUBLISHED IN A NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY ONCE A WEEK FOR TWO CONSECUTIVE WEEKS BEFORE THE ELECTION. THE NOTICE SHALL STATE:
  - 1. THE PLACE OF HOLDING THE ELECTION.
  - 2. THE HOURS DURING THE DAY IN WHICH THE POLLS WILL BE OPEN.
- 3. IF IT IS A FORMATION ELECTION, THE BOUNDARIES OF THE PROPOSED DISTRICT.
  - 4. THAT A PRELIMINARY GENERAL PLAN IS ON FILE WITH THE CLERK.
- E. EXCEPT AS OTHERWISE PROVIDED BY THIS CHAPTER, THE ELECTION SHALL COMPLY WITH THE GENERAL ELECTION LAWS OF THIS STATE, EXCEPT THAT THE WORDS TO APPEAR ON THE BALLOTS SHALL BE FOR A FORMATION ELECTION "DISTRICT, YES" AND "DISTRICT, NO". THE RETURNS OF THE ELECTION SHALL BE MADE TO THE GOVERNING BODY OF EACH PARTICIPATING MUNICIPAL WATER PROVIDER OR, IF AFTER FORMATION, TO THE DISTRICT BOARD.
- F. ALL PERSONS WHO RESIDE WITHIN THE PROPOSED BOUNDARIES OF THE DISTRICT ARE ELIGIBLE TO VOTE ON THE QUESTION OF DISTRICT FORMATION IF THEY ARE REGISTERED TO VOTE AS PRESCRIBED BY TITLE 16. A PERSON WHO RESIDES IN THE DISTRICT IS QUALIFIED TO REGISTER TO VOTE IN THE DISTRICT AS PRESCRIBED BY SECTION 16-101 AND IS ELIGIBLE TO VOTE IN ALL ELECTIONS CALLED BY OR FOR THE DISTRICT AS PRESCRIBED BY SECTION 16-120.

48-5906. Formation of district; legal status of district

- A. ON RECEIPT OF OFFICIAL ELECTION RETURNS APPROVING THE FORMATION OF THE DISTRICT BY THE REQUISITE VOTERS AS PRESCRIBED BY SECTION 48-5904, THE COUNTY BOARD OF SUPERVISORS SHALL ANNOUNCE THE RESULTS OF THE ELECTION AND THE DESCRIPTION OF THE DISTRICT SHALL BE RECORDED IN THE OFFICE OF THE COUNTY RECORDER FOR THE COUNTY IN WHICH THE DISTRICT IS LOCATED. ON RECORDING THE DISTRICT DESCRIPTION, THE DISTRICT IS FORMED.
- B. ON ITS FORMATION, THE DISTRICT IS A SPECIAL PURPOSE DISTRICT FOR THE PURPOSES OF ARTICLE IX, SECTION 19, CONSTITUTION OF ARIZONA, A TAX LEVYING PUBLIC IMPROVEMENT DISTRICT FOR THE PURPOSES OF ARTICLE XIII, SECTION 7, CONSTITUTION OF ARIZONA, AND A MUNICIPAL CORPORATION FOR ALL PURPOSES OF TITLE 35, CHAPTER 3, ARTICLES 3, 3.1, 3.2, 4 AND 5. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, A DISTRICT IS A MUNICIPAL CORPORATION AND A POLITICAL SUBDIVISION OF THIS STATE.
  - C. THE DISTRICT SHALL HAVE PERPETUAL EXISTENCE.
  - 48-5907. District board of directors; term; vacancy; expenses
- A. THE DISTRICT BOARD OF DIRECTORS SHALL CONSIST OF AT LEAST THREE PERSONS AS PROVIDED IN THE PRELIMINARY GENERAL PLAN FOR THE DISTRICT. EXCEPT FOR THE INITIAL MEMBERS OF THE BOARD OF DIRECTORS WHOSE TERMS SHALL BE STAGGERED, MEMBERS OF THE DISTRICT BOARD OF DIRECTORS SHALL BE ELECTED TO A FOUR YEAR TERM OF OFFICE WITH THE TERM OF OFFICE BEGINNING ON A DATE AFTER

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THE OFFICIAL CANVASS OF ELECTIONS AND AS PROVIDED IN THE PRELIMINARY GENERAL PLAN.

- B. IF A VACANCY OCCURS IN THE DISTRICT BOARD AS PRESCRIBED BY SECTION 38-291, THE VACANCY SHALL BE FILLED BY APPOINTMENT MADE BY THE REMAINING MEMBERS OF THE DISTRICT BOARD. A PERSON WHO IS APPOINTED TO FILL A VACANCY PURSUANT TO THIS SECTION SHALL HOLD THE OFFICE FOR THE REMAINDER OF THE UNEXPIRED PORTION OF THE TERM AND SECTION 16-230 DOES NOT APPLY.
- C. MEMBERS OF THE DISTRICT BOARD OF DIRECTORS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION BUT ARE ELIGIBLE FOR REIMBURSEMENT OF EXPENSES PURSUANT TO TITLE 38, CHAPTER 4, ARTICLE 2 FROM DISTRICT REVENUES COLLECTED PURSUANT TO THIS CHAPTER.

48-5908. Election of board; eligible voters; recall

- A. ELECTIONS FOR MEMBERS OF THE DISTRICT BOARD OF DIRECTORS SHALL BE HELD WITHOUT PARTY DESIGNATIONS OF THE CANDIDATES AND SHALL COMPLY WITH THE PROVISIONS OF LAW RELATING TO THE GENERAL ELECTION OF COUNTY OFFICERS.
- B. ALL REGISTERED VOTERS WHO RESIDE IN THE DISTRICT ARE ELIGIBLE TO VOTE IN THE ELECTION FOR MEMBERS OF THE DISTRICT BOARD OF DIRECTORS.
- C. A MEMBER OF THE DISTRICT BOARD OF DIRECTORS IS SUBJECT TO RECALL AS PROVIDED IN TITLE 19, CHAPTER 2.

48-5909. General plan

WITHIN SIXTY DAYS AFTER FORMATION OF THE DISTRICT, THE GOVERNING BOARD SHALL ADOPT A DISTRICT GENERAL PLAN THAT SHALL CONTAIN AT LEAST THAT INFORMATION PRESCRIBED BY SECTION 48-5902 AND THAT SHALL BE SUBSTANTIALLY SIMILAR TO THE PRELIMINARY GENERAL PLAN FOR THE DISTRICT. THE DISTRICT GENERAL PLAN MAY BE AMENDED ONLY BY THE DISTRICT BOARD OF DIRECTORS AT A PUBLIC MEETING OF THE BOARD.

48-5910. Powers of the district

- A. IN ADDITION TO THE POWERS OTHERWISE GRANTED TO A DISTRICT PURSUANT TO THIS ARTICLE, A DISTRICT, IN FURTHERANCE AND IN ACCORDANCE WITH ITS GENERAL PLAN, MAY:
- 1. ENTER INTO CONTRACTS AND EXPEND MONEY FOR ANY WATER-RELATED FACILITIES PURPOSE THAT IS CONSISTENT WITH THE GENERAL PLAN.
- 2. ENTER INTO INTERGOVERNMENTAL AGREEMENTS AS PRESCRIBED IN TITLE 11, CHAPTER 7, ARTICLE 3 FOR THE PLANNING, DESIGN, INSPECTION, OWNERSHIP, CONTROL, MAINTENANCE, OPERATION OR REPAIR OF WATER-RELATED FACILITIES.
- 3. SELL, LEASE OR OTHERWISE DISPOSE OF DISTRICT PROPERTY IF THE SALE, LEASE OR CONVEYANCE IS NOT A VIOLATION OF THE TERMS OF ANY CONTRACT OR BOND RESOLUTION OF THE DISTRICT.
- 4. CONSTRUCT, OPERATE, MAINTAIN AND REPAIR WATER-RELATED FACILITIES EXCEPT FOR FACILITIES THAT ARE CUSTOMARILY USED TO SERVE INDIVIDUAL CUSTOMERS OF MUNICIPAL WATER PROVIDERS.
- 5. ESTABLISH, CHARGE AND COLLECT USER FEES, RATES OR CHARGES FOR THE USE OF WATER-RELATED FACILITIES OR SERVICES.
- 6. EMPLOY STAFF, COUNSEL AND CONSULTANTS.

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- 7. ACCEPT GIFTS, GRANTS AND DONATIONS AND INCUR AND REPAY LOANS FOR ANY WATER-RELATED FACILITIES PURPOSE.
  - ENTER INTO AGREEMENTS WITH LANDOWNERS AND THE COUNTY FOR THE COLLECTION OF FEES AND CHARGES FROM LANDOWNERS FOR WATER-RELATED FACILITIES PURPOSES, THE ADVANCE OF MONIES BY LANDOWNERS FOR WATER-RELATED FACILITIES PURPOSES OR THE GRANTING OF REAL PROPERTY BY LANDOWNERS FOR WATER-RELATED FACILITIES PURPOSES.
  - 9. PAY THE FINANCIAL, LEGAL AND ADMINISTRATIVE COSTS OF THE DISTRICT. INCLUDING THE COSTS OF DISTRICT FORMATION AND THE COSTS OF ANY INITIAL FEASIBILITY STUDIES INCURRED ON BEHALF OF THE DISTRICT AND BEFORE THE FORMATION OF THE DISTRICT, EXCEPT THAT THOSE FEASIBILITY STUDY COSTS MAY BE PAID ONLY AFTER THOSE STUDIES ARE COMPLETED.
  - ENTER INTO CONTRACTS. AGREEMENTS AND TRUST INDENTURES TO OBTAIN CREDIT ENHANCEMENT OR LIQUIDITY SUPPORT FOR ITS BONDS AND PROCESS THE ISSUANCE. REGISTRATION. TRANSFER AND PAYMENT OF ITS BONDS AND THE DISBURSEMENT AND INVESTMENT OF PROCEEDS OF THE BONDS.
  - 11. USE PUBLIC EASEMENTS AND RIGHTS-OF-WAY IN OR ACROSS PUBLIC PROPERTY, ROADWAYS, HIGHWAYS, STREETS OR OTHER THOROUGHFARES AND OTHER PUBLIC EASEMENTS AND RIGHTS-OF-WAY.
  - 12. ENTER INTO GRANTS AND LOANS WITH ANY FEDERAL, STATE OR LOCAL ENTITY.
  - IN CONNECTION WITH ANY POWER AUTHORIZED BY STATUTE, THE DISTRICT, IN FURTHERANCE AND IN ACCORDANCE WITH THE GENERAL PLAN, MAY:
    - ENTER INTO CONTRACTS.
  - ENTER INTO INTERGOVERNMENTAL AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3.
    - 3. SUE AND BE SUED.
    - C. THE DISTRICT SHALL NOT:
    - 1. ENGAGE IN THE RETAIL SALE OF WATER.
    - 2. EXERCISE THE POWER OF EMINENT DOMAIN.
    - 3. USE DISTRICT MONIES TO ACQUIRE WATER RIGHTS.
    - 48-5911. Project approval; resolution of project intent
  - A. BEFORE CONSTRUCTING, ACQUIRING OR FINANCING ANY WATER-RELATED FACILITIES, THE DISTRICT BOARD SHALL CAUSE A REPORT TO BE PREPARED ON THE FEASIBILITY AND BENEFITS OF THE PROJECT. THE STUDY SHALL BE PREPARED BY ENGINEERS AND OTHER QUALIFIED PERSONS AND SHALL INCLUDE AT LEAST THE FOLLOWING:
  - 1. A DESCRIPTION OF THE WATER-RELATED FACILITIES TO BE CONSTRUCTED OR ACQUIRED AND ALL OTHER INFORMATION USEFUL TO UNDERSTANDING THE PROJECT.
    - 2. A MAP SHOWING THE GENERAL LOCATION OF THE PROJECT.
- AN ESTIMATE OF THE COST TO CONSTRUCT, ACQUIRE, OPERATE AND MAINTAIN THE PROJECT. 43
  - 4. AN ESTIMATED SCHEDULE FOR COMPLETION OF THE PROJECT.
    - 5. A MAP OR DESCRIPTION OF THE AREA TO BE BENEFITED BY THE PROJECT.

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- 6. A PLAN FOR FINANCING THE PROJECT, INCLUDING A PRELIMINARY ANALYSIS OF HOW CAPITAL, OPERATION AND MAINTENANCE COSTS WILL AFFECT LAND OWNERS AND WATER RATE PAYERS.
- B. THE BOARD SHALL HOLD A PUBLIC HEARING ON THE REPORT PRESCRIBED IN SUBSECTION A AND SHALL PROVIDE NOTICE OF THE HEARING BY PUBLICATION AT LEAST TEN DAYS IN ADVANCE IN A NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY AND BY MAIL TO THE GOVERNING BOARD OF THE COUNTY.
- C. IF ANY OF THE MUNICIPAL WATER PROVIDERS PARTICIPATING IN THE DISTRICT IS A PRIVATE WATER COMPANY, THE DISTRICT BOARD SHALL PROVIDE THE DIRECTOR OF THE UTILITIES DIVISION OF THE CORPORATION COMMISSION WITH THE REPORT PREPARED PURSUANT TO SUBSECTION A AND WRITTEN NOTICE OF THE PUBLIC HEARING THAT THE BOARD SHALL HOLD PURSUANT TO SUBSECTION B, AT LEAST TEN DAYS BEFORE THE HEARING.
- D. AFTER THE HEARING, THE DISTRICT BOARD MAY REJECT, AMEND OR APPROVE THE REPORT PRESCRIBED IN SUBSECTION A. IF THE REPORT IS SUBSTANTIALLY AMENDED, A NEW HEARING SHALL BE HELD BEFORE FINAL APPROVAL OF THE REPORT BY THE BOARD. A CHANGE IN THE SCOPE OF THE PROJECT CONSTITUTES A SUBSTANTIAL AMENDMENT TO THE REPORT. IF THE REPORT IS APPROVED, THE DISTRICT BOARD SHALL ADOPT A RESOLUTION OF PROJECT INTENT WHICH SHALL IDENTIFY THE WATER-RELATED FACILITIES IN THE PROJECT, THE AREAS BENEFITED, THE EXPECTED METHOD OF FINANCING AND AN APPROPRIATE SYSTEM FOR PROVIDING REVENUES TO OPERATE AND MAINTAIN THE PROJECT.

## 48-5912. <u>Modification of boundaries; impact statement; hearing;</u> judicial review; recording

- A. EXCEPT AS PROVIDED IN SUBSECTION G OF THIS SECTION, AFTER DISTRICT FORMATION AND AFTER THE ELECTED BOARD OF DIRECTORS TAKES OFFICE, ANY PERSON WHO DESIRES TO PROPOSE ANY CHANGE TO THE BOUNDARIES OF THE DISTRICT SHALL PREPARE AND SUBMIT TO THE DISTRICT BOARD A BOUNDARY CHANGE IMPACT STATEMENT THAT CONTAINS AT LEAST THE FOLLOWING INFORMATION:
- 1. A LIST AND EXPLANATION OF BENEFITS THAT WILL RESULT FOR RESIDENTS IN THE AREA OF THE PROPOSED CHANGE AND FOR RESIDENTS OF THE REMAINDER OF THE DISTRICT.
- 2. A LIST AND EXPLANATION OF THE INJURIES THAT WILL RESULT FOR RESIDENTS IN THE AREA OF PROPOSED CHANGE AND FOR RESIDENTS OF THE REMAINDER OF THE DISTRICT.
- 3. FOR ANY PROPOSED MODIFICATION TO REMOVE REAL PROPERTY FROM THE DISTRICT, AN ANALYSIS OF THE IMPACT OF THAT REMOVAL ON DISTRICT REVENUE DEBT AND OTHER OBLIGATIONS AND A PROPOSED MECHANISM TO ENSURE THE CONTINUED PAYMENT OF DEBT AND OTHER OBLIGATIONS THAT WERE INCURRED WHILE THAT PROPERTY WAS WITHIN THE DISTRICT.
- B. ANY PROPOSED MODIFICATION TO THE DISTRICT BOUNDARIES REQUIRES THE APPROVAL OF THE GOVERNING BODY OF EACH MUNICIPAL WATER PROVIDER AND EACH JURISDICTION THAT WOULD BE AFFECTED BY EACH PROPOSED ADDITION TO OR DELETION FROM THE DISTRICT. IF ANY PORTION OF THE PROPOSED MODIFICATIONS TO THE DISTRICT BOUNDARIES INCLUDE AN AREA THAT IS WITHIN THE SERVICE AREA OF A

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MUNICIPAL WATER PROVIDER BUT THAT AREA IS LOCATED OUTSIDE THE JURISDICTION OF THAT MUNICIPAL WATER PROVIDER'S GOVERNING BODY, THAT PORTION OF THE SERVICE AREA MAY BE INCLUDED IN THE BOUNDARIES OF THE DISTRICT IF THE CITY. TOWN OR COUNTY GOVERNING BODY WITH JURISDICTION OVER THAT PORTION OF THE SERVICE AREA APPROVES. IF THE MUNICIPAL WATER PROVIDER IS A PRIVATE WATER COMPANY, THAT PORTION OF THE SERVICE AREA MAY BE INCLUDED IN THE BOUNDARIES OF THE DISTRICT IF THE CITY, TOWN OR COUNTY GOVERNING BODY WITH JURISDICTION OVER THAT PORTION OF THE SERVICE AREA APPROVES BUT ONLY AFTER RECEIPT OF WRITTEN APPROVAL OF THE MODIFICATION FROM THE PRIVATE WATER COMPANY.

- C. ON RECEIPT BY THE DISTRICT BOARD OF A BOUNDARY CHANGE IMPACT STATEMENT AND CERTIFIED COPIES OF THE RESOLUTIONS OF APPROVAL BY THE GOVERNING BODY OF ANY AFFECTED MUNICIPAL WATER PROVIDER OR A COPY OF THE WRITTEN APPROVAL OF THE MODIFICATION FROM THE PRIVATE WATER COMPANY, IF APPLICABLE, AND ANY AFFECTED JURISDICTION AS PRESCRIBED BY THIS SECTION, THE DISTRICT BOARD OF DIRECTORS MAY ADOPT A RESOLUTION OF INTENT TO MODIFY THE DISTRICT BOUNDARIES.
- D. AT LEAST TWENTY DAYS AND NOT MORE THAN FORTY-FIVE DAYS AFTER ADOPTION OF A RESOLUTION OF INTENT TO MODIFY THE DISTRICT BOUNDARIES. ANY PERSON WHO CLAIMS AN INTEREST IN REAL PROPERTY THAT IS TO BE LOCATED IN THE MODIFIED DISTRICT MAY FILE A WRITTEN OBJECTION NOT LATER THAN 5:00 P.M. ON THE LAST BUSINESS DAY IMMEDIATELY PRECEDING THE DATE OF THE HEARING. OBJECTION MAY RAISE ONE OR MORE OF THE FOLLOWING:
- 1. THAT THE OBJECTOR'S PROPERTY WOULD NOT BE BENEFITED FROM THE IMPROVEMENTS SET FORTH IN THE GENERAL PLAN AND THAT THE PROPERTY SHOULD BE EXCLUDED FROM THE PROPOSED AREA OF CHANGE.
- 2. THAT THE DISTRICT BOUNDARY SHOULD NOT BE CHANGED, STATING THE SPECIFIC REASONS.
- E. WITHIN SIXTY DAYS AFTER COMPLETION OF ANY HEARINGS HELD PURSUANT TO THIS SECTION AND A DETERMINATION OF ANY OBJECTIONS TO THE MODIFICATION OF THE DISTRICT BOUNDARIES, THE DISTRICT BOARD OF DIRECTORS SHALL VOTE TO APPROVE OR DISAPPROVE THE MODIFICATION OF THE DISTRICT BOUNDARIES. IF THE DISTRICT BOARD APPROVES THE MODIFICATION OF THE BOUNDARY, THE DISTRICT BOARD SHALL REQUEST THE COUNTY BOARD OF SUPERVISORS OF ANY AFFECTED COUNTY TO CALL AN ELECTION ON THE ISSUE OF MODIFICATION OF DISTRICT BOUNDARIES.
- F. THE BOUNDARY MODIFICATION ELECTION SHALL BE CONDUCTED IN THE SAME GENERAL MANNER AS PRESCRIBED BY SECTION 48-5905 AND THE ELECTION LAWS OF THIS STATE, EXCEPT THAT THE WORDS TO APPEAR ON THE BALLOTS FOR A MODIFICATION ELECTION SHALL BE "DISTRICT ADDITION, YES" AND "DISTRICT ADDITION, NO" OR "DISTRICT DELETION, YES" OR "DISTRICT DELETION, NO", AS APPLICABLE. BOUNDARY MODIFICATION ELECTION, ALL OF THE QUALIFIED ELECTORS IN THE EXISTING DISTRICT ARE ELIGIBLE TO VOTE ON THE ISSUE AND ALL OF THE QUALIFIED ELECTORS OF THE AREA TO BE INCLUDED OR DELETED ARE ELIGIBLE TO VOTE. PASSAGE OF THE 43, MEASURE REQUIRES A MAJORITY OF THE QUALIFIED ELECTORS VOTING ON THE QUESTION 44 IN THE AREA TO REMAIN IN THE DISTRICT AND A MAJORITY OF THE QUALIFIED ELECTORS IN THE AREA TO BE DELETED OR ADDED. ON CERTIFICATION OF THE RESULTS

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OF ANY ELECTION THAT REQUIRES A CHANGE IN THE BOUNDARIES OF THE DISTRICT, THE DISTRICT BOARD SHALL RECORD IN THE OFFICE OF THE COUNTY RECORDER FOR EACH COUNTY IN WHICH THE MODIFIED DISTRICT IS LOCATED A CERTIFIED COPY OF THE BOARD'S RESOLUTION CONFIRMING THE RESULTS OF THE ELECTION AND DESCRIBING THE MODIFIED BOUNDARIES OF THE DISTRICT.

G. ON FORMATION OR MODIFICATION OF THE DISTRICT TO INCLUDE A MUNICIPAL WATER PROVIDER, A MUNICIPAL WATER PROVIDER SHALL NOT SUBSEQUENTLY BE REMOVED FROM THE DISTRICT.

## 48-5913. Public records: open meetings

- A. THE DISTRICT SHALL KEEP THE FOLLOWING RECORDS, WHICH SHALL BE OPEN TO PUBLIC INSPECTION AS PRESCRIBED BY SECTION 39-121:
  - 1. MINUTES OF ALL MEETINGS OF THE DISTRICT BOARD.
  - 2. ALL RESOLUTIONS OF THE DISTRICT BOARD.
  - 3. ACCOUNTS SHOWING ALL MONIES RECEIVED AND DISBURSED.
  - 4. THE ANNUAL BUDGET OF THE DISTRICT.
  - 5. ALL OTHER RECORDS THAT ARE REQUIRED TO BE MAINTAINED BY LAW.
- B. THE DISTRICT BOARD IS A PUBLIC BODY AND IS SUBJECT TO TITLE 38, CHAPTER 3, ARTICLE 3.1, RELATING TO PUBLIC MEETINGS AND PROCEEDINGS.

48-5914. Annual report

- A. THE DISTRICT SHALL ISSUE AN ANNUAL REPORT THAT IS CONSISTENT WITH SECTION 35-501 AND THAT INCLUDES:
- 1. A FINANCIAL STATEMENT THAT CONFORMS WITH GENERALLY ACCEPTED ACCOUNTING PROCEDURES AND THAT INCLUDES DISTRICT REVENUES, EXPENDITURES AND INDEBTEDNESS.
- 2. A DESCRIPTION OF THE ACTIVITIES OF THE DISTRICT RELATED TO THE DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF DISTRICT FACILITIES.
- B. THE DISTRICT SHALL MAKE COPIES OF THE ANNUAL REPORT AVAILABLE FOR PUBLIC INSPECTION AND SHALL FURNISH COPIES AT NO COST TO PERSONS WITHIN THE DISTRICT ON REQUEST.

## 48-5915. Dissolution of district

- A. THE DISTRICT MAY BE DISSOLVED BY THE DISTRICT BOARD BY A RESOLUTION OF THE DISTRICT BOARD IF EITHER THE DISTRICT DOES NOT HAVE FINANCIAL OR OPERATING OBLIGATIONS OR IF THE FINANCIAL OR OPERATING OBLIGATIONS OF THE DISTRICT HAVE BEEN LAWFULLY ASSUMED BY SOME OTHER ENTITY.
- B. THE DISTRICT BOARD SHALL COMPLY WITH THE CONDITIONS PRESCRIBED BY SUBSECTION A AND SHALL DISSOLVE THE DISTRICT IF BOTH OF THE FOLLOWING OCCUR:
- 1. THE DISTRICT BOARD HAS CONSENTED TO COMPLY WITH THE CONDITIONS PRESCRIBED BY SUBSECTION A AND EITHER:
- (a) DISSOLUTION HAS BEEN APPROVED BY A VOTE OF THE QUALIFIED ELECTORS OF THE DISTRICT VOTING IN AN ELECTION CALLED FOR THAT PURPOSE.
- (b) THE DISTRICT BOARD DETERMINES THAT THE DISTRICT HAS BEEN INACTIVE FOR AT LEAST FIVE CONSECUTIVE YEARS AND HAS NO FUTURE PURPOSE.
- 43 12 2. THE DISTRICT BOARD ADOPTS A RESOLUTION DISSOLVING THE DISTRICT AND RECORDS THE RESOLUTION IN THE OFFICE OF THE COUNTY RECORDER.

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- C. THE DISTRICT BOARD MAY CALL AN ELECTION ON THE DISSOLUTION OF THE DISTRICT AND SHALL CALL SUCH AN ELECTION IF REQUESTED TO DO SO IN A PETITION SIGNED BY TEN PER CENT OF THE QUALIFIED ELECTORS OF THE DISTRICT.
- D. THE ELECTION SHALL BE CALLED AND HELD IN THE SAME MANNER AS A FORMATION ELECTION, EXCEPT THAT THE BALLOT SHALL CONTAIN THE WORDS "DISSOLUTION, YES" AND "DISSOLUTION, NO".
- E. THE DISTRICT SHALL NOT BE DISSOLVED IF ANY REVENUE BONDS OF THE DISTRICT REMAIN OUTSTANDING UNLESS AN AMOUNT OF MONEY SUFFICIENT, TOGETHER WITH INVESTMENT INCOME, TO MAKE ALL PAYMENTS DUE ON THE REVENUE BONDS EITHER AT MATURITY OR PRIOR REDEMPTION HAS BEEN DEPOSITED WITH A TRUSTEE OR ESCROW AGENT AND PLEDGED TO THE PAYMENT AND REDEMPTION OF THE BONDS. THE DISTRICT MAY CONTINUE TO OPERATE AFTER DISSOLUTION ONLY AS NEEDED TO COLLECT MONEY AND MAKE PAYMENTS ON ANY OUTSTANDING BONDS.

#### ARTICLE 2. FINANCIAL PROVISIONS

#### 48-5931. Sources of revenue

THE PROJECTS TO BE CONSTRUCTED OR ACQUIRED AS SHOWN IN THE GENERAL PLAN MAY BE FINANCED FROM THE FOLLOWING SOURCES OF REVENUE:

- 1. PROCEEDS RECEIVED FROM THE SALE OF REVENUE BONDS OF THE DISTRICT.
- 2. STATE OR FEDERAL GRANTS, LOANS OR CONTRIBUTIONS.
- 3. PRIVATE GIFTS, GRANTS OR DONATIONS.
- 4. USER, LANDOWNER AND OTHER FEES AND CHARGES.
- 5. PROCEEDS OF LOANS OR ADVANCES.
- 6. FINANCIAL AND TECHNICAL ASSISTANCE FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA.
- 7. FINANCIAL AND TECHNICAL ASSISTANCE FROM THE GREATER ARIZONA DEVELOPMENT AUTHORITY.
  - 8. ANY OTHER MONIES AVAILABLE TO THE DISTRICT BY LAW.
  - 48-5932. Revenue bonds: authorization
- A. AT ANY TIME AFTER THE DISTRICT BOARD HAS ADOPTED A RESOLUTION OF PROJECT INTENT, THE DISTRICT BOARD SHALL HOLD A HEARING ON THE QUESTION OF AUTHORIZING THE DISTRICT BOARD TO ISSUE REVENUE BONDS OF THE DISTRICT TO PROVIDE MONIES FOR ANY WATER-RELATED FACILITIES PURPOSES CONSISTENT WITH THE GENERAL PLAN.
- B. IF REVENUE BONDS ARE APPROVED BY RESOLUTION, THE DISTRICT BOARD MAY ISSUE AND SELL REVENUE BONDS OF THE DISTRICT.
- C. BONDS SHALL NOT BE ISSUED BY THE DISTRICT UNLESS THE BONDS RECEIVE ONE OF THE FOUR HIGHEST INVESTMENT GRADE RATINGS BY A NATIONALLY RECOGNIZED BOND RATING AGENCY OR THE DISTRICT OBTAINS CREDIT ENHANCEMENTS THAT CAUSE THE RATING ON THE BONDS TO INCREASE TO ONE OF THE FOUR HIGHEST INVESTMENT GRADE RATINGS.
- D. THE DISTRICT SHALL PRESCRIBE FEES AND CHARGES AND SHALL REVISE THEM WHEN NECESSARY TO GENERATE REVENUE THAT IS SUFFICIENT WITH ANY MONIES FROM 43 ANY OTHER SOURCES OF THE DISTRICT TO PAY WHEN DUE THE PRINCIPAL AND INTEREST OF ALL REVENUE BONDS FOR PAYMENT OF WHICH THE REVENUE HAS BEEN PLEDGED.

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- E. IF IN THE RESOLUTION OF THE DISTRICT BOARD THE REVENUES TO BE PLEDGED WERE LIMITED TO CERTAIN TYPES OF REVENUES, ONLY THOSE TYPES OF REVENUES MAY BE PLEDGED AND ONLY THOSE REVENUES ARE REQUIRED TO BE MAINTAINED.
- F. THE DISTRICT MAY ISSUE AND SELL REFUNDING BONDS TO REFUND ANY REVENUE BONDS OF THE DISTRICT.
- G. A HOLDER OF REVENUE BONDS ISSUED UNDER THIS ARTICLE SHALL NOT COMPEL ANY EXERCISE OF THE TAXING POWER OF ANY OTHER DISTRICT, MUNICIPALITY OR COUNTY TO PAY THE BONDS OR THE INTEREST ON THE BONDS. REVENUE BONDS THAT ARE ISSUED UNDER THIS ARTICLE ARE NOT A DEBT OF ANY OTHER DISTRICT, MUNICIPALITY, PRIVATE WATER COMPANY OR COUNTY, NOR IS THE PAYMENT OF REVENUE BONDS ENFORCEABLE OUT OF ANY MONIES OTHER THAN THE REVENUE PLEDGED TO THE PAYMENT OF THE BONDS.

# ARTICLE 3. CORPORATION COMMISSION JURISDICTION OVER PRIVATE WATER COMPANIES

48-5951. <u>Private water company actions; corporation commission approval</u>

NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, A PRIVATE WATER COMPANY THAT IS A PARTICIPATING MUNICIPAL WATER PROVIDER SHALL NOT DO ANY OF THE FOLLOWING UNTIL AFTER OBTAINING THE APPROVAL OF THE CORPORATION COMMISSION:

- 1. INCUR ANY DEBT OF ANY KIND IN JOINING A DISTRICT OR IN ACTING AS A MEMBER OF A DISTRICT.
- 2. CREATE ANY FINANCIAL OR OPERATING OBLIGATION IN JOINING A DISTRICT OR IN ACTING AS PART OF A DISTRICT.
- 3. PROVIDE WATER OR WASTEWATER SERVICES AS PART OF ITS PARTICIPATION IN A DISTRICT TO ANY PERSON OR ENTITY THAT IS LOCATED OUTSIDE THE PRIVATE WATER COMPANY'S SERVICE TERRITORY ALLOWED UNDER ITS CERTIFICATE OF CONVENIENCE AND NECESSITY.
- 4. RECOVER ANY COSTS ASSOCIATED WITH THE FORMATION OF A DISTRICT OR ANY COSTS ASSOCIATED WITH PARTICIPATING AS A MEMBER OF A DISTRICT.
- 5. IMPOSE ANY CHARGES OR FEES TO ANY OF ITS CUSTOMERS OR CHANGE ANY RATE, IN CONNECTION WITH FORMING, PARTICIPATING IN OR DISSOLVING A DISTRICT.
  - 6. TRANSFER ANY ASSETS TO A DISTRICT.
- 7. ALLOW A DISTRICT TO USE THE PRIVATE WATER COMPANY'S BILLING SYSTEM TO BILL FOR DISTRICT FEES, RATES OR CHARGES.

APPROVED BY THE GOVERNOR APRIL 16, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 16, 2003.

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Passed the House March 5, 2003	Passed the Senate April 8, 2003
by the following vote: 52 Ayes,	by the following vote: 27 Ayes,
5 Nays, 3 Not Voting	Nays, O Not Voting
Speaker of the House  Torman L. Moore  Chief Clerk of the House	President of the Senate  Secretary of the Senate
	ARTMENT OF ARIZONA OF GOVERNOR
This Bill was recei	ved by the Governor this
day of	, 20,
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Secre	etary to the Governor
Approved this day of	
,20	
ato'clock M.	
Governor of Arizona	
GOVERNOT OF ATTROORS	
	EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF SECRETARY OF STATE
	This Bill was received by the Secretary of State
	this day of, 20,
H.B. 2480	uaj 01
	ato'clock M.
	Secretary of State

# HOUSE CONCURS IN SENATE AMENDMENTS AND FINAL PASSAGE by the following vote: \_ Not Voting Speaker of the House **EXECUTIVE DEPARTMENT OF ARIZONA** OFFICE OF GOVERNOR This Bill was received by the Governor this day of o'clock

H.B. 2480

# EXECUTIVE DEPARTMENT OF ARIZONA OFFICE OF SECRETARY OF STATE

This	Bill was	received by the Secret	ary of State
this _	16	_day of	_,20 <u><i>03</i></u>

at 4503 o'clock P. M.

Secretary of State